Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

UNCLASSIFIED

PAGE 01 NEW DE 11154 221342Z
ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
DODE-00 DOE-15 H-02 INR-10 INT-05 L-03 NSAE-00
NSC-05 OMB-01 PM-05 ICA-20 OES-09 SP-02 SS-15
STR-07 TRSE-00 ACDA-12 /138 W
----------031394 230556Z /11
R 211057Z JUL 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2908
INFO USDOC

UNCLAS NEW DELHI 11154

DEPT. PLEASE PASS TO USBURMINES, USGS, DOE

E.O. 11652: N/A
TAGS: ENRG IN
SUBJECT: ENERGY: LAGGING COAL PRODUCTION CAUSING SUPPLY SHORTAGES
IN INDIA'S MAJOR ENERGY SOURCE

FOLLOWING SENT ACTION NEW DELHI INFO DACCA KATHMANDU BOMBAY
MADRAS FROM CALCUTTA REPEATED FOR YOUR ACTION:

QUOTE

CALCUTTA 1262

E.O. 11652: N/A
TAGS: ENRG IN
SUBJECT: ENERGY: LAGGING COAL PRODUCTION CAUSING SUPPLY
SHORTAGES IN INDIA'S MAJOR ENERGY SOURCE

1. THE FOLLOWING IS THE SUMMARY OF AN AIRGRAM WHICH
WE ARE TRANSMITTING THIS WEEK ON RECENT ADVERSE
DEVELOPMENTS IN THE INDIAN COAL SITUATION. THE PAPER
WAS PREPARED BY LARRAINE TOLY, OF USICA, DURING A
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 NEW DE 11154 221342Z

TWO-WEEK INTERNSHIP IN THE PL/ECON SECTION OF THE
CONSULATE.

2. COAL INDIA LTD. (CIL), THE NATIONALIZED (AND
DOMINANT-ABOUT 90 PERCENT OF PRODUCTION) SECTOR OF
INDIA'S COAL INDUSTRY, HAS IN THE PAST FEW MONTHS COME
UNDER INCREASED ATTACK BY CONSUMERS FOR SHORTAGES IN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

COAL SUPPLY. MANY INDUSTRIES COMPLAIN THAT THEY ARE
RECEIVING ONLY 50 PERCENT OF PROMISED SUPPLIES, THOUGH
THEY SAY AMPLE COAL IS AVAILABLE IN THE BLACK MARKET AT TWICE
THE PRICE. THE POWER STATIONS HAVE FIVE DAYS' SUPPLY,
IN CONTRAST TO TWO WEEKS' SUPPLY LAST YEAR. THE STEEL INDUSTRY,
WHOSE SEVEN DAYS' SUPPLY FALLS FAR SHORT OF THE 30 DAYS'
STOCK RECOMMENDED BY CIL ITSELF, HAS
DECIDED TO IMPORT AT LEAST ONE MILLION TONS OF
COKING COAL THIS YEAR TO MEET ITS NEEDS.

3. THE SHORTAGES SEEM TO HAVE TAKEN CIL BY
SURPRISE. ONLY A YEAR AGO, IN APRIL 1977, THEY
HAD RECORD, AND EVIDENTLY IN THEIR VIEW, EXCESSIVE
PITHEAD STOCKS OF 14.5 MILLION TONS. (HOWEVER,
ACCORDING TO INTERNATIONAL STANDARDS, THE STOCKS
SHOULD HAVE BEEN AT 18 MILLION TONS, OR 20 PER
CENT OF ANNUAL SUPPLY, TO MEET FLUCTUATIONS IN
DEMAND). DEPRESSED DEMAND AT THAT TIME LED CIL
TO LOWER PRODUCTION TARGETS TO DRAW DOWN THE
PITHEAD STOCKS. NOW DEMAND HAS INCREASED. CIL
IS INCREASING ITS 1978 PRODUCTION TARGET BY 2
MILLION TONS. THE NEW COAL WILL BE 14 MILLION TONS OVER ACTUAL
PRODUCTION LAST YEAR, AN INCREASE NEVER BEFORE
ACHIEVED, BUT PRIVATE SOURCES SAY THAT DEMAND WILL STILL
BE NINE MILLION TONS ABOVE THE TARGET, AND MORE
SIGNIFICANTLY, CIL IS FAILING TO GET ACTUAL
UNCLASSIFIED

PRODUCTION TO RISE TO MEET THE RISING DEMAND.
COAL INDIAN OFFICIALS HAVE PLACED THE BLAME FOR THE
CONSEQUENT SHORTAGES ON FREQUENT INTERRUPTIONS IN
THE POWER SUPPLY, A SHORTAGE OF EXPLOSIVES, LABOR
UNREST AND ABSENTEEISM, AND LACK OF COOPERATION
FROM THE RAILWAYS.

4. THE PRIMARY CAUSE OF THE INABILITY TO RESPOND
TO INCREASED DEMAND, HOWEVER, SEEMS TO BE POOR
MANAGEMENT. CIL'S LEADERS HAE NOT EXPECTED THE
SUDDEN INDUSTRIAL GROWTH, CENTERED IN THE NORTH AND
WEST, AND DO NOT HAVE AN ADEQUATE DISTRIBUTION
SYSTEM TO BRING COAL QUICKLY FROM THE EASTERN COAL
MINES. THEY HAVE EXPECTED OTHER UNITS-POWER
PLANTS, EXPLOSIVES, RAILWAYS-TO IMMEDIATELY
RESPOND TO A SITUATION WHICH CIL ITSELF HAD NOT
FORESEEN.

5. CIL'S MANAGEMENT PROBLEMS ARE GREAT. THE
LABOR UNREST AND ABSENTEEISM CAN BE BLAMED ON
FAILURE TO INCREASE WORKER'S BENEFITS AND TO
IMPROVE SAFETY CONDITIONS, AS PROMISED. SINCE

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

NATIONALISATION IN TWO PHASES, IN 1971 AND 1973,
MANAGEMENT HAS BEEN TURNED OVER TO INDIAN ARMY
OFFICERS, TO THE DISCONTENT OF THE EXPERIENCED
ADMINISTRATORS IN THE BUREAUCRACY. THE PERQUISITES
OF MINING ENGINEERS WERE SHARPLY CURTAILED,
AND NOW A SHORTAGE IN THAT SPECIALITY HAS DEVELOPED.
CIL HAS CONTINUED TO RELY ON OLD MINES, RATHER THAN
DEVELOP NEW ONES. PRODUCTIVITY IS AMONG THE LOWEST
IN THE WORLD, AND A RECENT STUDY BY POLISH EXPERTS
CONFIRMS THAT CONDITIONS IN THE MAJOR MINES ARE
"UNSATISFACTORY" AND REQUIRE "IMMEDIATE IMPROVEMENT".

6. CIL HAS PROMISED CRASH PROGRAMS TO INCREASE
PRODUCTION AND BETTER LIAISON WITH THE RAILWAYS TO
UNCLASSIFIED

IMPROVE DISTRIBUTION, BUT RESULTS SHOULD NOT BE
EXPECTED QUICKLY. MOST OF THE ACTIONS ANNOUNCED
WILL TAKE MONTHS TO GO INTO EFFECT, AND COAL
PRODUCTION ANNUALLY DECLINES DURING THE PRESENT
MONSOON MONTHS. IN THE FALL, THERE MAY ALSO BE
INCREASED LABOR PROBLEMS, AS THE PRESENT WAGE
AGREEMENT EXPIRES ON DECEMBER 31, AND TRADE UNIONS
HAVE ALREADY THREATENED WARNING STRIKES.

7. COAL RESERVES IN INDIA ARE AMONG THE HIGHEST
IN THE WORLD, SO THE INDUSTRY'S POTENTIAL IS
GREAT. IN ORDER TO REALIZE THIS POTENTIAL, HOWEVER,
AND TO AVOID ENERGY DEFICITS WHICH WILL
HAVE A SEVERELY RETARDING EFFECT THROUGHOUT THE
ECONOMY, MAJOR IMPROVEMENT IN CIL'S MANAGEMENT,
LABOR CONDITIONS, MINING EQUIPMENT AND DISTRIBUTION
ARE REQUIRED. PERKINS
UNQUOTE
GOHEEN

UNCLASSIFIED

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, COAL, PRODUCTION
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978NEWDE11154
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780302-0887
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780731/aaaabafb.tel
Line Count: 155
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 30ab8a6e-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1920112
Secure: OPEN
Status: NATIVE
Subject: ENERGY: LAGGING COAL PRODUCTION CAUSING SUPPLY SHORTAGES IN INDIA\'S MAJOR ENERGY SOURCE FOLLOWING SENT ACTION NEW DELHI INFO DACCA KATHMAN
TAGS: ENRG, IN
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/30ab8a6e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014